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CENTRAL INTELLIGENCE AGENCY

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## INFORMATION REPORT

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1. The firm of Intermerkur with offices at Jenatschstrasse 4, Zurich, is a joint Yugoslav-Swiss trading company, the original purpose of which was to promote trade between Yugoslavia and Western Germany, via Switzerland, at a time when Yugoslavia had no direct trade relations with Western Germany.
2. Following the establishment of these trade relations between Yugoslavia and Western Germany, after Intermerkur had sought other trade possibilities, in time this trading company became a main channel for Yugoslav-Satellite trade via Switzerland. The initiators of this new trade policy were:
  - a. Julius Schmidlin, Swiss director, who was provided with eastern contacts by his close friend, Max Troendle, Minister of the Swiss Economic Department.
  - b. Milorad Milisavljevic,<sup>1</sup> Yugoslav director, who is considered a very disreputable and avaricious character.
3. Although there is no definite proof available, it is fairly certain, according to source, that these two directors made substantial commissions from this profitable eastern trade, which they have failed to enter on the firm's ledgers.
4. During 1950 and early 1951, Intermerkur concluded the following transactions with the East:
  - a. The sale of Yugoslav hemp to Czechoslovakia to the value of \$409,000 in U.S. dollars, in exchange for coke dust, porcelain and various unspecified chemicals.
  - b. The sale of 100,000 tons of Yugoslav pyrites to Czechoslovakia in exchange for 65,000 tons of coke. ✓
  - c. The sale of 500 tons of Yugoslav tobacco to Czechoslovakia in exchange for various unspecified commodities.
  - d. The purchase of 20 tons of phenol from Czechoslovakia for an undetermined number of U.S. dollars.

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25X1A  
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- 2 -

9. The sale of 500 tons of Yugoslav lead to Poland for an undetermined number of U.S. dollars.

Further deals in pyrites were negotiated but never concluded.

5. In March 1951, Milisavljevic was recalled to Belgrade and was recently replaced by a certain Hungarian by the name of Safran. The latter was specifically instructed by Belgrade to investigate Intermerkur's transactions with the East, and, in particular, to ascertain whether or not secret commissions had been collected.
6. In early June 1951, Safran received written instructions from the Yugoslav Ministry of Foreign Trade to terminate all negotiations with Eastern countries immediately and conclusively. Safran has reportedly confided to friends that this measure amounts to a death blow for Intermerkur's trading activities, and that it is not improbable that in time the firm may be liquidated. Safran has no intention of disregarding instructions from Belgrade and reportedly the firm of Intermerkur has lost all interest in further East-West trade.

25X1A

1. [REDACTED] Comment: This individual was formerly a director of the firm of Centroprom in Belgrade, and is allegedly a UDB agent.

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